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THE NAVY AND CONGRESSIONAL  
BUDGET JUSTIFICATION BOOKS

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THE NAVY AND CONGRESSIONAL BUDGET JUSTIFICATION BOOKS

by

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Bachelor of Science

1948

U. S. Naval Academy

A thesis submitted to the faculty of the School of Government, Business and International Affairs of The George Washington University in partial satisfaction of the requirements for the degree of Master of Business Administration.

June 6, 1962

Thesis directed by  
Arlin Rex Johnson, Ph. D.  
Professor of Business Administration





MEMORANDUM

TO : [illegible]

FROM : [illegible]

SUBJECT : [illegible]

DATE : [illegible]

1. [illegible]

2. [illegible]

3. [illegible]

4. [illegible]

5. [illegible]

6. [illegible]

7. [illegible]

8. [illegible]

9. [illegible]

10. [illegible]



## PREFACE

The writer, intrigued by the budget process within the military department, investigated the field of congressional budget justification in order to determine whether criticism of Navy Congressional Budget Justification Books was valid. Since little is written as to the origin of the requirement for Congressional Budget Justification Books, development of information for this paper was often frustrating. However, there appears to be a real need within the naval service for greater understanding of these particular justification books, and it is to this purpose that this thesis has been written.

To Dr. A. Rex Johnson, the writer owes a special debt for his share in the inception of this work, as well as his expert criticism and helpful suggestions. Assistance in research has cheerfully been given by staff members of the House Appropriations Committee and officers and civilians contacted in the Office of the Navy Comptroller, and various bureaus and offices of the Navy.

To Miss Helen McNulta, the writer is indebted for her kind and considerate help in preparing this thesis in its final form.





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## CHAPTER I

### INTRODUCTION

Since World War II, this nation has provided the world with the economic and military strength for the survival of freedom. Such strength has required the expenditure of billions upon billions of U. S. dollars, for which we have received gratitude as well as curses. Even at home, each of us has had his own ideas on how we could have done a better job of spending this vast sum of money. However, no matter how one may look at the problem, we must all agree that our aid has strengthened those free nations of the world which were ravaged economically and physically by war.

One of the most remarkable aspects about our economic strength is that, as we have financed the rebirth of nations, we have also been able to maintain a modern military machine, capable of keeping the peace and even fighting the Korean War without materially reducing the production of consumer goods. This governmental expenditure of dollars plus our high continued rate of consumer production have contributed to an ever growing gross national product figure. In 1947, our government expenditures were about 39 billion dollars<sup>1</sup> and in

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<sup>1</sup>Economic Report of the President, transmitted to the Congress, 1962, (Washington: U. S. Government Printing Office, 1962), p. 272.



1961, expenditures were estimated at 84.5 billion dollars.<sup>2</sup> During the same period our GNP has more than doubled, growing from 234 billion in 1947<sup>3</sup> to an estimated 521 billion dollars in 1961.<sup>4</sup>

Looking closer at this nation, it quickly becomes evident that spectacular scientific advances are in progress, which collectively are changing the way of life for each person living in this world. Atomic power with all its force cloaks the world in uncertainty. Should this power prove to be the undoing of mankind or should it provide the necessary force to create peace on earth, is not known. Modern medicines have reduced man's death rate due to disease, but will this boon backfire by aiding the population explosion and thus exhaust man's ability to produce sufficient food for survival? In addition, the electronic computers, which have successfully guided man into unknown space, are being adapted to business problems. This latter application promises to bring about greater and greater efficiencies within the business world. Will this added efficiency also add to the problems of unemployment or will the new efficiency ignite a second industrial revolution which will create untold new opportunities for employment? This is indeed a dynamic time in which to live and the resulting problems must be correctly solved if freedom is to prevail and mankind is to survive.

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<sup>2</sup>Ibid.

<sup>3</sup>Ibid., p. 207.

<sup>4</sup>Ibid.





In a democracy such as exists in the United States the responsibility for the proper choice of action in dealing with these encompassing questions ultimately rests with the people who, through their voting power, choose those who are to make the decisions of government. One of the major problems today is simply maintaining the military strength to remain free. This paper, in briefly examining the methods by which the money is appropriated to provide the required military force, concentrates on the budget justification books submitted to Congress to support military requests for funds.

These congressional budget justification books serve as the congressional road maps to the President's budget document. That is, each individual appropriation request found in the budget document provides summary tabulations and brief narratives of the total appropriation needs, but does not subdivide the individual appropriations into shopping lists supported by detailed justifications. In order to fill this information void two separate justification books are prepared for each appropriation, one containing non-classified information, the other, classified information. For example, in either volume (the nonclassified and classified) Congressmen and their staffs can find how many of each aircraft are to be procured as well as why these particular aircraft are required. In the classified justification book performance data can be located for the aircraft. In addition, comparative tabulations of costs are provided for past, present and future program evaluation.

There is every reason to believe that these congressional budget justification books have great bearing on the ultimate strength of United



States military forces. Yet, there is evidence that many within the Navy regard the creation and submission of these particular justification books as a required, but entirely unnecessary part of budget submissions and should be eliminated. Even among advocates of the congressional budget justification books, some feel that instances of poor Navy narratives found in these volumes result in the Navy having to submit additional written information for the "record" during congressional subcommittee hearings on the appropriations. Others assert that, in some cases, the Navy has failed to win congressional support for a program due to failure within the congressional budget justification books.

In over twenty personal interviews with persons within the Department of the Navy, and staff members of the House Appropriations Committee on the Department of Defense appropriations, many of the foregoing criticisms were voiced. However, in not a single case was it possible to verify these criticisms, nor could a person identify or provide an example of failures or shortcomings within the congressional budget justification books.

Because of the lack of understanding of the need, use and value of the congressional justification books within parts of the Navy, the following evaluation has been made. It is hoped that this evaluation will, in some measure, clarify the role of these justification books within the Navy and assist in improving their preparation.





## CHAPTER II

### BUDGET FORMULATION AND CONGRESS

Before delving into the problems and details of the congressional budget justification books it is necessary first to review, in general, budget formulation and submission. This process is a time-consuming procedure, designed to provide review upon review so that the final military budget submitted to Congress by the President reflects as accurately as possible our military needs expressed in dollars.

One of the most confusing factors about the budgeting job within the Navy (as in all departments and agencies) is that at any one time the Navy is working on three budgets at the same time.

Between January and June in any year, for instance, the Navy is executing the budget of the current fiscal year; it is presenting and justifying to the Congress the budget for the fiscal year to begin on 1 July; and it is planning and developing the budget for the fiscal year to begin a year from 1 July.<sup>5</sup>

.....  
Ideally, the (budget) cycle begins when budget plans and policy guidelines are received by the Secretary of the Navy from the Secretary of Defense. Following review of the information and directives received, the Secretary of the Navy provides such additional policy guidance as is necessary to the Chief of Naval operations and the Commandant of the Marine Corps and directs the preparation of the annual program objectives.<sup>6</sup>

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<sup>5</sup>Office of the Comptroller, Department of the Navy, The Budget Process in Navy, NAVEXOS P-2254, June, 1960, pp. 2-3.

<sup>6</sup>Ibid., pp. 2-7.



These program objectives are military programs which are considered obtainable and necessary to provide the military strength deemed necessary in keeping with the military policy as determined in broad objectives by the Secretary of Defense.

With the approval of the Secretary of the Navy, the Chief of Naval Operations issues the Program Objectives on approximately 1 February of each year to bureaus, offices, and Headquarters, Marine Corps.<sup>7</sup>

However, in practice, this is often delayed until February or even March. Regardless of delays, the issuance of the initial program objectives triggers action within the Navy bureaus and offices. These activities translate the objectives into dollar requirements which are deemed necessary in order to carry out their part of the job. In most instances, this is a centralized job within Washington, relying on such factors as work measurement reports and other field reports. The bureaus consolidate the figures into a format which is supported by justifications established in general by the Bureau of the Budget and in detail by the Comptroller of the Navy, and make submission to the Chief of Naval Operations for review. After the Chief of Naval Operations completes his review the estimates are submitted to the Comptroller of the Navy for further review before submission to the Secretary of Defense and the Bureau of the Budget for final review prior to the submission to Congress.

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<sup>7</sup>Ibid., pp. 2-7.





Submission of the budget estimates at each stage is justified by those making the submission to those reviewing the same. The submission to the Comptroller of the Navy is supported by overall narrative explanations of needs and justifications in the language and format of the President's budget document as directed by the Bureau of the Budget.<sup>8</sup> In addition, other back-up information is required to support the estimates within the Navy. Included within these justifications are Navy budget justification books, providing a detailed tabulation and justification of the subdivisions for each Navy appropriation. Two Navy justification books are prepared for each appropriation, one for nonclassified information and the other for classified information. The contents are similar to the contents of the congressional justification books. However, since these volumes remain within the Navy, they are written for internal, instead of external review and understanding. They also provide the Navy comptroller with an opportunity for full evaluation of the Navy programs prior to hearings and mark-up within the Department of Defense and the Bureau of the Budget.

Upon final approval of the budget estimates the President's budget document is printed and presented to Congress, accompanying the President's budget message before Congress.

Within Congress, the budget is referred first to the House Appropriations Committee for review and examination. This committee consists

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<sup>8</sup>U. S. Bureau of the Budget, Instructions for the Preparation and Submission of Annual Budget Estimates, Bureau of the Budget Circular A-11, August, 1961.





of fifty full-time members who also are divided among the fifteen subcommittees of the main committee.<sup>9</sup>

The Subcommittee on Department of Defense Appropriations has fourteen members, including Mr. Mahon, the committee chairman. It is before this subcommittee, in the House wing of the Capitol building, that testimony in support of the Department of Defense budget is presented by various witnesses.

From the House of Representatives the appropriation bill goes to the Senate, where it is referred to the Senate Appropriations Committee, and in turn to its designated subcommittee. Some departure from this pattern has occurred in recent years and it has become increasingly common for the Senate to begin its hearings before the House has actually completed its action.

The Senate Appropriations Committee consists of 23 members, organized into 10 subcommittees. These subcommittees are much larger than in the House. . . . Unlike the House, one member may serve on more than one subcommittee. In addition, the subcommittee is supplemented by members from other related standing committees of the Senate.<sup>10</sup>

This system requires that Senators must dilute their budget effort since they are required on other committees part of the time. It also follows that "hearings are shorter and subcommittee action is very likely to be directed at differences between the appropriations as requested by the President and the action which the House took--invariably reductions. The Senate thus tends to act as a court of appeal, and will very often restore a part or all of the reductions made by the House."<sup>11</sup>

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<sup>9</sup>Committee on Appropriations, House of Representatives, Eighty-seventh Congress, listing printed by the U. S. Government Printing Office, March 21, 1961.

<sup>10</sup>Jesse Burkhead, Government Budgeting (New York: John Wiley and Sons, Inc., 1956), p. 99.

<sup>11</sup>Ibid., p. 100.



Actually, the congressman's job is enormous when he is a member of the Appropriations Committee, for not only must he perform his duty as part of the committee but must also tend to his own office which requires answering correspondence from back home, meeting constituents and, above all, getting reelected. He must further keep in touch with pending bills which will require his vote on the floor. This means that a large part of his available budget time is already accounted for. It is little wonder that he cannot review in detail the President's budget document which today contains over 1170 pages.<sup>12</sup> Even in the past, the task was too great to permit a detailed evaluation of the budget document. For example, in 1959, when the military appropriation requests totaled only 41 billion dollars, it would have taken each of the fifty members of the House Appropriations Committee six months, working seven days a week, sixteen hours a day, to review the entire budget document. Even then, each congressman would have been passing judgment on \$9,000 worth of appropriations a minute.<sup>13</sup>

It is little wonder that congressional cuts in the President's budget are relatively small and that much of the debate during hearings centers on a few items of the overall budget. That is, congressmen just do not have the time to examine in detail every item contained in the budget.

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<sup>12</sup>The Budget of the United States Government, fiscal year ending June 30, 1963 (Washington: U. S. Government Printing Office, 1962).

<sup>13</sup>Herman W. Bevis, "Tightening the Federal Purse Strings," Harvard Business Review, (May-June, 1959), p. 114.





In terms of the aggregate figures, the Congress makes small, rather than large, changes in the President's figures. A bona fide cut in the President's appropriation requests of as much as 5 per cent, even by a hostile Congress, is the exception rather than the rule. The normal pattern of Congressional action is for the House to make a substantial cut in the budget total, for the Senate to restore a large part of the cut, and for the conference to reach a compromise that is not far from the President's requests. At the appropriation stage, it is fair to state that the President is in a stronger position than the committees. This strength rests in part from the fact that the committees are handicapped by lack of information. Neither the President's budget nor the executive hearings provide them with a reasonable basis for differing from the President on major issues.<sup>14</sup>

This means that Congress needs as much information as possible to make intelligent changes to the budget as submitted by the President. This is the primary reason for witnesses appearance before the subcommittees to answer detailed questions about the sections of the budget on which they are considered to be experts. In addition, congressmen depend on their staffs to dig into the details prior to the hearings and learn as much as they can about the problems contained in the budget. Both the committee staff members and the congressmen have visited many of the military bases being supported. During these visits questions have been asked about operations, and some of the answers stimulate further questions about operations which may raise questions during the hearings.

Of growing importance also are conferences at the staff level, between employees of Congressional committees and key men in the administration. The two-way flow of advice and opinion; of information as to administrative problems and information as to Congressional attitude, is prolific in its contribution to understanding. Staffs of the Appropriations Committees come to learn which agency budget officers they can trust as sources of information.<sup>15</sup>

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<sup>14</sup>Arthur Smithies, The Budget Process in the United States (New York: McGraw-Hill Book Company, Inc., 1955), p. 140.

<sup>15</sup>Ernest Griffith, Congress, Its Contemporary Role (New York: University Press, 1951), p. 46.





"The subcommittees do not work with the budget document, as such, but rather with a committee print of the budget, which consists of the material from the document set out on sheets with a considerable blank space for notes. In addition, departments and agencies will submit supplementary information not contained in the documents."<sup>16</sup> The blank space is frequently used for insertion of questions for use of the congressmen during interrogation of witnesses as well as a place to make reference to pertinent problems which have developed in this area. The space is also used to make reference to questions which were raised in past years during the hearings. In this way, each congressman has a positive method during subcommittee hearings of finding out in detail the information which was not clearly shown in other documents.

In addition, the departments supply directly to the Appropriations Committee, the congressional budget justification books, which provide additional detailed information not contained in the actual budget document. These books serve a dual purpose--first in aiding committee staffs and congressmen in getting into the details of the budget; and, secondly, in aiding witnesses in preparing for testimony before the subcommittees.

After Congress has agreed on a compromised budget in the joint committee, the final bill is drawn up and voted on by each house of Congress. "Unlike other legislation which is introduced in draft form by individual Congressmen, appropriation measures are drafted in committee."<sup>17</sup> Once passed

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<sup>16</sup>Burkhart, p. 97.

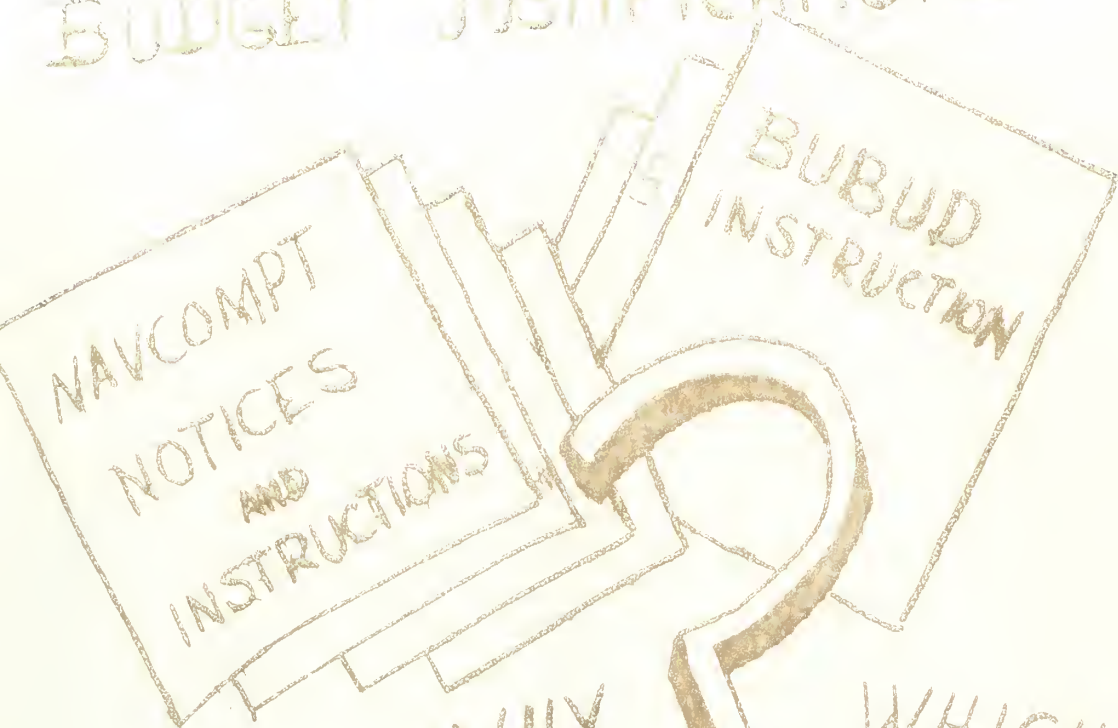
<sup>17</sup>Ibid., p. 97.



by both houses, it is forwarded to the President for final approval, which makes it law.



# BUDGET JUSTIFICATIONS

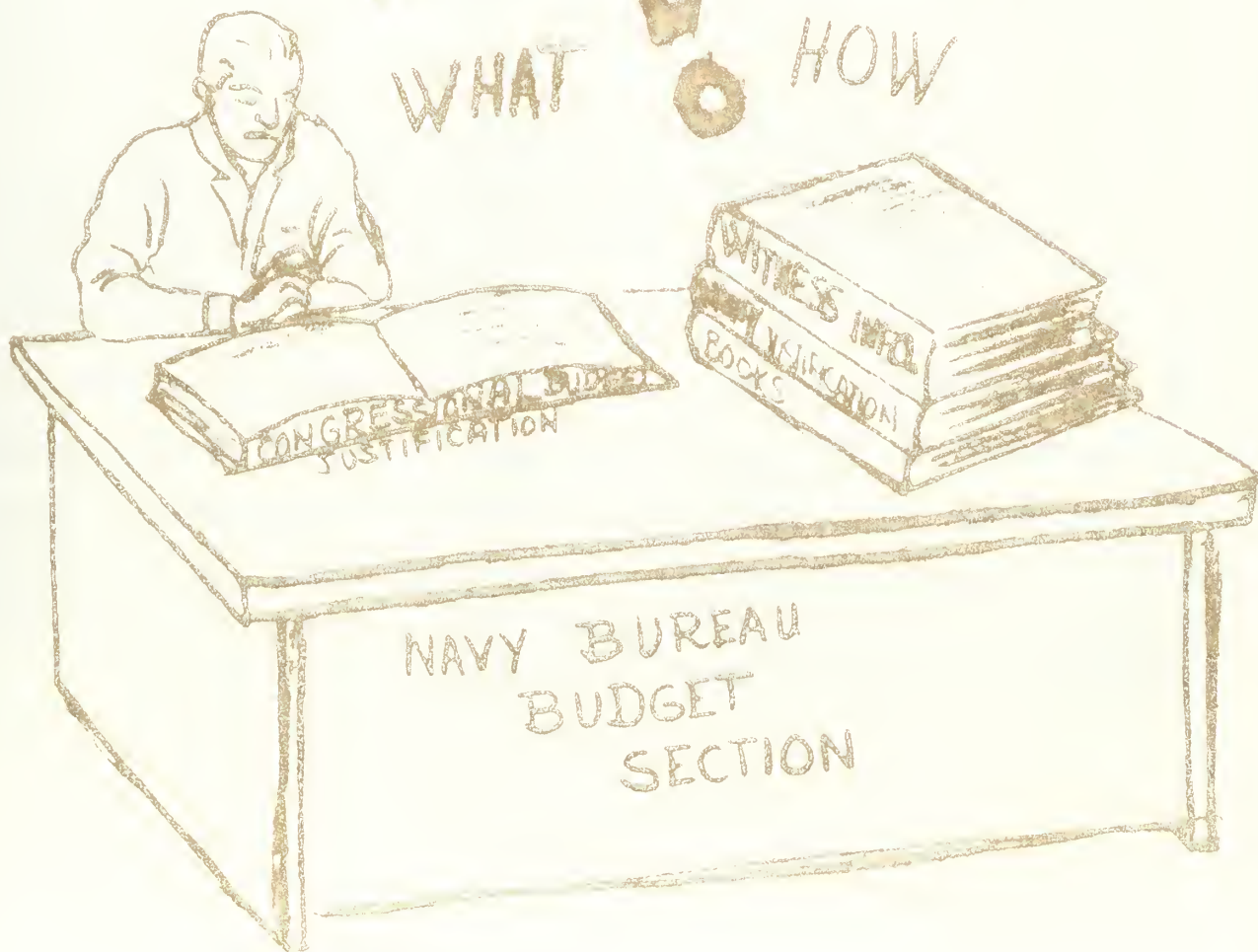


WHY

WHAT

WHICH

HOW







### CHAPTER III

#### CONGRESSIONAL BUDGET JUSTIFICATION BOOKS

The drafters of the Constitution placed the control of financial matters with Congress. Article I, Section 9, Clause 7 of the Constitution of the United States provides that:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of receipts and expenditures of all public money shall be published from time to time.

The meaning of this congressional responsibility was clearly explained by Alexander Hamilton, many years ago.

The design of the Constitution in this provision was, as I conceive, to secure these important ends--that the purpose, the limit, and the fund of every expenditure should be ascertained by previous law. The public security is complete in this particular, of no money can be expended, but for an object, to an extent, and out of a fund, which laws have prescribed.<sup>18</sup>

It is quite clear that Congress, in providing appropriated funds, has been given the constitutional responsibility to determine for what the money is to be used, how much is required and then to prescribe the limitation of money authorized for a specified object. The President's budget document does

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<sup>18</sup>F. W. Powell, Control of Federal Expenditures--A Documentary History (Brookings Institution), p. 133.



spell out total requirements, but does not spell out in detail the purposes nor the amounts to be spent on every item. Instead, the budget document provides overall appropriation summaries of needs and deals in overall personnel strength figures, as well as overall ship and aircraft requirements. For example, under operations and maintenance, Navy, the budget document does break this appropriation into activities (appropriation subdivisions) such as service wide supply.

In order to provide Congress with comparative information, past, present and future costs for service wide supply are shown. To accomplish this, the actual expenditures for the past year are recorded, next an estimate of dollar costs for the current year, and, finally the amount of money requested for the budget year.<sup>19</sup> However, "service wide supply" is a big area containing such items as administrative costs, distribution costs and control costs and methods. Nowhere in the President's budget document can the congressmen or their staffs determine the details of these important facets of "service wide supply." Instead, Congress must rely on information other than what is in the budget document to truly answer such basic questions as to why the Navy needs so much money for "service wide supply" in connection with the operation and maintenance appropriation.

Some time ago the budget document was in greater detail, for there were more individual appropriations shown for each service. However, as the complexities and technicalities of the military grew, so did the contents of the budget document. Congress, therefore, reduced the number of service

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<sup>19</sup>Congressional Budget Justification Book, Department of the Navy, Operation and Maintenance, Navy, Service Wide Supply, 9 Jan. 1961.





appropriations. The problem is well summarized by Mr. Hitch in his presentation before the Subcommittee on National Policy Machinery of the Committee on Government Operations, United States Senate.

As late as fiscal year 1948, the Navy Department had to manage its financial affairs through some 136 separate accounts, each of which had to be separately considered and appropriated by Congress. They ranged in size from \$50 for the payment of certain claims to \$1,294 million for pay and subsistence of Naval personnel. The War Department was similar. . . . Furthermore, a large number of the appropriation accounts were for minor and obscure purposes which merely represented the accretions of some 150 years of history.

Since then the Defense budget structure has been greatly simplified and rationalized under five principal titles-- 'Military Personnel;' 'Operation and Maintenance;' 'Procurement;' 'Research, Development, Test, and Evaluation;' and 'Military Construction.' The number of appropriation accounts has been greatly reduced. We are now asking for new appropriations in only 13 accounts each for the Army, Navy and Air Force.<sup>20</sup>

While the effect of reducing the number of appropriations to be considered by Congress acts as a means of simplifying the actual budget document, it in no way reduces the job actually done by the military. Therefore, even without so many different appropriations, Congress still has need to determine for what the money is requested.

Obviously Congress requires more information during budget review than is in the budget document. One method of obtaining this additional information is through hearings, during which time witnesses can be requested to furnish desired details not found in the budget. Another method used frequently by Congress, is to have staff members contact the service in question and request that the service provide the information before actual

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<sup>20</sup>U. S. Senate, Hearings on Organization for National Security, Subcommittee on National Policy Machinery. 87th Cong., 1st Sess., 1961, p. 1005.





hearings. However, none of these methods standardizes the gathering of supporting details for all appropriations. In order to provide additional information, Congress has for a number of years received budget justification books supporting each appropriation. The origin of these books is unknown, for no budget legislation or congressional instruction deals with the congressional budget justification books. The books have existed as long as any present member of the House Appropriations Committee can remember.<sup>21</sup> It can only be assumed that the need for additional detailed information in support of budget requests has existed from the beginning of the country. It must be assumed that in the very early days of Congress requests were made for additional information year after year and that at some time these requests were standardized and incorporated into what was then the first congressional budget justification book.

Even to this day, there is nothing in writing from Congress directing the preparation or submission of congressional budget justification books. Instead, revisions desired by Congress are the result of conversations between committee staff members and those within the military department having the responsibility for the preparation and submission of the volumes.

Generally, congressional budget justification books are prepared for each appropriation. One book covers the nonclassified information related to the appropriation and another for classified information. For example, the nonclassified budget justification book for the appropriation operation and

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<sup>21</sup>Three interviews with staff of House Appropriations Committee.



maintenance, Navy, subdivides the budget activities comprising the appropriation into elements. In looking at budget activity six, service wide supply, we find the same dollar information that existed in the President's budget document. However, in this case, the budget activity is further subdivided into smaller elements, providing captions for "supply distribution," "commodity control," "department administration," and "NATO common infrastructure." Here, congressmen can get into the meat of "service wide support," and can compare past and present performance as well as evaluate budget requests. Looking further, the congressmen can find a section entitled "Purpose and Scope" in which a narrative explanation of the function is provided. In addition, justification of program needs for the budget year are explained by highlighting major fund requirements both in words and amounts. Also, such tabular information as work measurement tables is provided, clearly indicating the cost of performing required functions. Further strength is added to the budget requests by pinpointing new techniques used to improve efficiency.<sup>22</sup>

Even though Congress has not provided written directives for the preparation of congressional justification books, others have. However, since the preparation of the congressional budget justification books coincides with the preparation of the budget estimates, Navy budget justification books as well as other back-up material, confusion often exists in instructions published by the Bureau of the Budget and the Navy itself, as to what justification is being discussed. However, as shall be shown, Navy instructions continually are aimed at improving all justifications, wherever possible.

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<sup>22</sup>Congressional Budget Justification Book, Department of the Navy, Operation and Maintenance, Navy, Service Wide Supply, 9 Jan. 1961.





When interviewed, bureau personnel responsible for the preparation of congressional budget justification books enthusiastically discussed budget back-up information. However, each person interviewed found it difficult to discuss the congressional budget justification books without getting into the details of other back-up information and discussing such related items as maintaining up-to-date and complete the reams of back-up information used by their superiors in answering questions during actual hearings on the Hill. Each seemed keenly aware of what was going on in these hearings, but in one case stressed the fact that success of the Navy in achieving its aims in Congress was a direct result of the quality of direct testimony by bureau heads and could not be traced to the quality of the congressional budget justification books. This same individual indicated that narrative was changed from year to year only when the program being supported contained significant changes, or when a revised format was required, or when the narrative had been repeated so many times from year to year that another repeat might harm the program.<sup>23</sup>

Some have criticized Navy justifications because there has been evidence of repetition from year to year in the narrative sections of the congressional budget justifications. However, when one examines individual programs, such as medical care, there seems to be little reason to change justification narrative which describes the need in precise, forceful words. It seems that if Congress has been satisfied with the narrative justification, change for change sake each year could actually weaken the arguments for funds and harm the entire request.

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<sup>23</sup>Eight personal interviews with bureau representatives involved in budget submissions.





Probably the most basic directive for the preparation of the congressional budget justification books is found in the Bureau of the Budget Circular A-11. Even though this circular serves as the basic Department of Defense reference for instructions and notices dealing with the preparation of congressional budget justification books, its primary purpose is to provide instructions for the preparation of budget estimates for inclusion in the President's budget document. Through this instruction, the Bureau of the Budget is able to be assured of receiving from all government departments budget submissions in basically the same format. The instruction also prescribed justification required by the Bureau of the Budget during its own review of the budget estimates. While these justifications differ in purpose from those required by Congress, there is much similarity as to format and terminology. Thus, in the general information section, Circular A-11 states:

1. Application of instructions. The instructions contained herein apply in full to the preparation of annual budgets for all agencies of the Government, except that general policies, justification requirements, and instructions on additional data and hearings are not applicable to the legislative branch, the judiciary, or municipal funds of the District of Columbia.

The instructions apply until further notice. The following are used in lieu of naming specific years:

Budget year--the fiscal year for which estimates are submitted.

Current year--the fiscal year immediately preceding the budget year.

Past year--the fiscal year immediately preceding the current year.

Budget submissions must be in accordance with these instructions unless a specific exception is made in writing by the Bureau of the Budget.

If the previous year's submissions are used as a starting point for the preparation of the estimates, agencies should make sure that, as a minimum, corrections in the format are made for



- (a) changes in the instructions from those of last year, and
- (b) revisions in the material which were made in the process of printing the preceding budget document.<sup>24</sup>

At each higher level of budget review there is more and more need for clear, concise and forceful budget justification. Consider the field activities budget, which deals in local problems confronting the command. Here, the need for a new roadway between the cold storage plant and the waterfront docks is important. The command is well aware of the problems that limited road facilities are creating. At the bureau level the road problem becomes much smaller when looking at all the problems confronting all the field commands represented. There is now no room to spell out the road need at a single base, but the need is still there. So the bureau need for roads goes forward. Next, the Navy submits its requirement on an overall Navy need for base maintenance, to the Department of Defense. The Department of Defense is concerned with total Defense Department needs and the command's requirement for an improved road is unrecognized, but is still included in the budget estimates. The ability of the field command to achieve success with its own wants depends largely on how well the Navy can justify Navy wants all the way up the line to Congress. Therefore, it is no wonder that the Bureau of the Budget devotes considerable effort in its overall budget directive to explain the need and purpose of budget justification. In this case, Circular A-11 is aimed at obtaining for the use of the Bureau of the Budget, clear, understandable

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<sup>24</sup>Instructions for the Preparation and Submission of Annual Budget Estimates, Circular No. A-11 (Executive Office of the President, Bureau of the Budget, August, 1961), Secs. 1-3.





justifications, so that they can be more objective in its review of budget estimates.

The purpose of a budget justification is to explain and support the estimates to those who review and evaluate the programs and financial requirements. . . . A narrative justification will accompany each estimate. Its content and format will vary with the activities included in the estimate. . . . However, each of the following subject-matter areas will require explanation:

(a) The objectives for the budget year. A precise statement of the objectives of each work program; the demonstrated need for achieving the objectives--(it is not sufficient to say "it is necessary");--the statutory authority for accomplishing the objectives.

(b) Proposed plans for achieving the objectives. Basic methods chosen to achieve the objectives; assumptions as to prospective workloads; organizational or geographic issues; adjustments in administrative procedures, types of workloads, etc.

(c) Derivation of requested appropriation. Conversion of the objectives and methods to be employed into the obligations to be incurred and the appropriation required. The method by which the objectives and administrative plans are related to the appropriation required is of the highest importance. It should show how the amounts requested are related to the work to be done by using such factors as production per employee, cost per unit produced, or other objective criteria.

To be useful, a written justification must be read and understood by all subsequent reviewers. Agencies should consider the fact that the period available for review of each appropriation is short, and time available does not permit exhaustive study of a mass of text, to sift out the essential elements for the proposed estimate. All major issues should be covered, but in concise, specific language.<sup>25</sup>

The instruction also indicates the importance of using work measurement to justify submissions.

It is important to use work measurement or unit costs in justification of estimates wherever possible. Although the use of statistics must be tempered with judgment there is no more readily defended method of justifying the requirements for an accepted program of work than by the judicious use of work measurement or unit cost statistics.<sup>26</sup>

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<sup>25</sup>Ibid.

<sup>26</sup>Ibid., Sec. 65.



Within the Department of the Navy the most basic document prescribing the preparation of the budget justification book is found in the "Instructions for the preparation of budget exhibits and formats," originating in the Office of the Navy Comptroller. This document provides the budget details necessary for a person to prepare congressional budget justification books and Navy justification books, as well as the required supporting annexes for internal Navy use. Such items as labelling the cover, size of paper to be used, organization, location of holes in paper for binding, printing, numbering, dating and examples of what is to go on each page and section of the book, are included.<sup>27</sup> It is a difficult document to read but does constitute a detailed handbook for the preparation of congressional budget justification books. The introduction states:

Budget estimates are developed from verifiable estimates of the cost of performance and are based insofar as possible on realistic unit costs, work measurement, accounting data, and other objective standards or devices or indices in order that the requirements can be substantiated on their own merits independent of needs for prior years. Justifications of budget estimates will be designed to clearly define all major issues, provide full information with regard to any differences between the estimates for the current and budget years so that an accurate comparison may be made, and present the basis for resolving such differences. Justifications will include sufficient evidence to minimize subsequent requests for additional information that may reasonably arise in the course of review. The budget justification will be designed to demonstrate conclusively that the proposed estimate is:

- a. Within the framework of the law and approved administrative guidelines;
- b. Essential to the effective performance of the mission assigned to the Navy;
- c. The most economical and effective method of accomplishing its purpose;
- d. Feasible with respect to timing and the availability of resources;
- e. Substantiated on its merits independent of needs for prior years.

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<sup>27</sup>Instructions for the Preparation of Budget Exhibits and Formats,  
NAVCOMPT Instruction 7102.1, 3 Nov. 1960.





The instructions in this section provide guidance for obtaining a necessary degree of uniformity in content and format essential for attaining optimum effectiveness in the budget presentation via the justification book. A standard pattern of presentation is an invaluable contribution in achieving both a meaningful understanding of the estimates and reasonable action at review levels. The specification of detailed instructions is not intended to stifle originality or dictate complete conformity to the detriment of a fresh and vigorous approach. On the contrary, each component organization is encouraged to seek the most effective method of justification suited to its needs within the framework presented herein. Whenever a deviation is considered desirable, it should be discussed with representatives of the Office of the Comptroller of the Navy (Procedures and Funding Responsibilities Division).<sup>28</sup>

While much of the congressional budget justification of budget estimates is supported by tables of figures, true understanding of the needs ultimately rests on the actual narrative describing what it is all about. There is no shortage of explanation of how to provide the required tables in this instruction. It is interesting to note what is specifically said in relation to the verbal support given in the congressional budget justification books.

Detailed budget activity justification. Justify each activity separately in sequence. Include the narrative immediately after the summary table as prescribed in paragraphs 9 and 10 to support the NOA being requested. This narrative will explain briefly changes in content and organization of the budget activity in addition to significant differences between current-year and budget-year estimates. Note relationships among budget activities (i.e., where workload in one activity fluctuates in response to altered force levels in another). Provide tabular summary of obligations or NOA for the past, current and budget years as illustrated on the sample format. Arrange the justification under the following subheadings:

a. Purpose and scope of work. Concisely include the broad purposes and scope of the activity, the relationship to other activities, and the budget category and subcategory, if possible.

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<sup>28</sup>Ibid., Enclosure 1, p. 1.





b. Report on program administration. Concisely include accomplishments, economics, and status achieved with the available funds.

c. Major program and funding considerations in 19BY. Concisely include reference to program objectives, comparison with prior-year estimates, and discussion of new, revised or discontinued programs. Continuing accounts will contain an explanation of the reasons for and effect of unobligated balances in each year. Also, a reconciliation between the appropriation request for the activity and the requirements for the budget-year program will be included where appropriate. Each project in the budget activity will be identified separately and a tabular summary of obligations for the past, current and budget years will be listed as illustrated. A narrative description of each project will be included and when required, a detailed project justification will be provided.<sup>29</sup>

Even though this instruction clearly prescribes the details necessary to create the congressional budget justification books, it also deals with other budget material required to support annual budget submissions. For example, enclosure I of the instruction deals with budget justification books while enclosure II deals with preparation of "Annex Books" which are the Navy's own justification books. The instruction also briefly discusses back-up material which will be required by the Department of Defense. While the instruction does indicate justification objectives, it does not establish congressional needs or the reason Congress requires such information. While the instruction does contain the necessary information for the creation of uniform congressional budget justification books, much of the forceful plea for concise, strong, clear narratives is obscured in format details.

Failure to isolate, identify and explain the congressional budget justification books to naval personnel involved in the budget process is not confined to this one instruction. Indeed, other instructions prepared by the

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<sup>29</sup> Ibid., Enclosure I, p. 20.



Navy in the hope of improving congressional budget justification books have a common failing.

In discussions with members of the Navy Comptroller's organization, charged with the responsibility to review and submit the justification books to Congress, it became evident that there was general concern over the quality of the narrative justifications appearing in the congressional budget justification books.<sup>30</sup> When these individuals were asked what action has been taken to correct the alleged Navy weaknesses in writing such justifications, the following additional examples were presented.

Justifications. It is essential that narrative material in Justification Books/Sets be greatly improved. A review of past Justifications indicates they are too wordy and involved to the point of being ineffectual in stating requirements much to the detriment of the Department of the Navy. A narrative justification must highlight important factors and must be terse, factual, and realistic to be effective. The common practice of changing figures and using prior year's narrative is unacceptable and must be abandoned. It must be replaced with a new look and simple, clear, forceful and fresh descriptions of the program in the budget. A product is desired which is high in reader interest with writing that presents program performance and requirements with the fewest words. To permit special attention to be given to this part of the budget by senior personnel, the requirement for Justification Books/Sets will be deferred until 11 September 1961. On that date, ten copies of the Justification Books/Sets prepared in accordance with reference (a) (which is the Instruction just discussed) will be submitted to the Office of the Comptroller of the Navy (Procedures and Funding Responsibilities Division, Room 4D747, Pentagon). Amounts will be identical to those to be used in the initial submissions.<sup>31</sup>

Again in October, two revisions to the above instruction were issued, but only the one issued 17 October makes reference to written justification

<sup>30</sup>Personal interviews with eight members of NAVCOMPT.

<sup>31</sup>Revised Guidance for the Preparation and Submission of the Initial FY 1963 Budget Estimates and Related Data., NACOMPT NOTICE 7111, 17 July 1961, p. 3.







narrative section.

Budget Justifications

a. . . . . Although the quality of Justification Volumes/Sets submitted 25 September 1961 showed as improvement over material submitted in prior years, there still remain areas where further improvements can be made. These areas include:

(1) Clarity. Clearer and more concise statements of appropriation content. Generalizations which do not help sell Navy programs will be eliminated.

(2) Facts. Lack of specific details as to program accomplishments in a fiscal year (i.e., whether the tasks or projects were done in the past-year, are being done in the current-year, or are planned for the budget-year).

(3) Visual aids. Inclusion of charts, tables, or graphs which do not convey sufficient information to warrant the space they occupy in the narrative.

(4) Length. Generalizations have made some Justifications longer than ever without significant improvement.

b. Improvements in the above areas will be effected in the Justification Volumes/Sets to be prepared for the OSD-BOB submission. It is strongly suggested that an approach to improve Justifications would involve use of brief sentences in an A, B, C fashion. Long and involved sentences and paragraphs are difficult to follow and discourage reading.

c. Detailed comments on individual appropriations/major activities may be obtained from analysts in the Office of the Comptroller of the Navy (Estimates and Analysis Division). A more thorough review of the FY 1963 Justifications to be submitted to OSD-BOB will be made by NavCompt, subsequently, to further improve the narrative material prior to preparation of the FY 1963 Congressional submission.<sup>32</sup>

There is no question that these quotations do show that the Navy recognizes a need for improvement of "justifications." Unfortunately, the first quote is an instruction with the subject "Revised guidance for the preparation and submission of initial FY 1963 Budget Estimates and related data," and the second instruction is merely a revision of the first. In neither instruction can a casual observer determine if the "justification"

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<sup>32</sup>Ibid., 17 October 1961, p. 1.



refers to a particular type of budget justification or to the justification appearing in congressional budget justification books. In general, these instructions are aimed at all justifications with the hope that all justifications prepared by the Navy will be improved. However, these examples were sighted by members of the Navy Comptroller's Office, as evidence that the Navy is taking action to improve the narrative justifications for the congressional budget justification books.

In view of the confusion existing as to identification of which justification requires improvement, coupled by the fact that the recommendations for improvement are not a part of instructions dealing exclusively with preparation and submission of the congressional justification books, there is little wonder that the Navy has expressed concern over the quality of the congressional budget justification books. Through this very omission of explicit instructions it seems logical to assume that many involved with budget submissions would not regard the congressional budget justification books too highly. Instead, these people would naturally concentrate on those things in which their immediate supervisor showed the most interest. In turn, since there is also lack of guidance for the immediate supervisor, it also seems natural that these individuals would neither appreciate nor clearly understand the importance of the congressional budget justification books. Under such circumstances, it is indeed strange that the Navy has done as well as it has with the justification books.

It is also important to remember that not only do persons writing Navy justifications know a great deal more about the subject than what is





written into the justification books, but that those responsible for reviewing what is written also know much more about the Navy and its needs than is put into these documents. Even witnesses before congressional committees are provided with much more information than ever is or should be included in these volumes. According to many officers, it is often the practice of prospective witnesses to be subjected to questions by juniors in all areas in which the witnesses are expected to testify. These practice periods act to sharpen witness preparedness before actually appearing before Congress. In turn, there are volumes of detailed information prepared and documented to support the Navy's testimony before Congress. Collectively, the amount of information logically gathered and studied by all prospective witnesses is much greater than anything appearing in the congressional budget justification books. As a result, all along the line the actual justification book may be looked upon as superficial information. It is only natural that the information available to seniors exceeds the contents of these volumes. It is believed that this fact is an important reason why within the Navy there are various views towards the need for the justification book.

Therefore, there is a need in instructions dealing with improved narrative to recognize the above factors and stress the importance of justification books to those outside of the Navy. The book is designed for the person who is not the expert in this or that function or need of the Navy. The witnesses as well as the basic writers of justification books must understand this before they can possibly hope to express in words a "clear, concise" justification of Navy needs.





The Navy Comptroller prepares and submits many other directives discussing creation and submission of budget justifications. However, a review of these documents again shows concentration on details of submission, dealing with tables, formats and other requirements.



## CHAPTER IV

### CONGRESSIONAL HEARINGS--HOUSE OF REPRESENTATIVES

The dramatic climax to the budget process occurs in Congress, for it is here that final approval or disapproval of budget requests are decided. It is before the Appropriations Subcommittees of both houses that military efforts to explain and justify needs are subjected to their severest tests, for congressmen are not professional budgeteers nor are they professional military men. Instead, they are successful politicians, possessing the ability to ask searching, and often surprising, questions. Congressmen are motivated in their interrogation of witnesses by many factors, besides the motivation of serving the nation. These men must think of their political commitments, must be alert to pressure groups and continually remember the needs of their constituents back home. Congressmen are also just people, and as such they have their own personal beliefs and convictions, their own peculiarities and their own strengths and weaknesses.

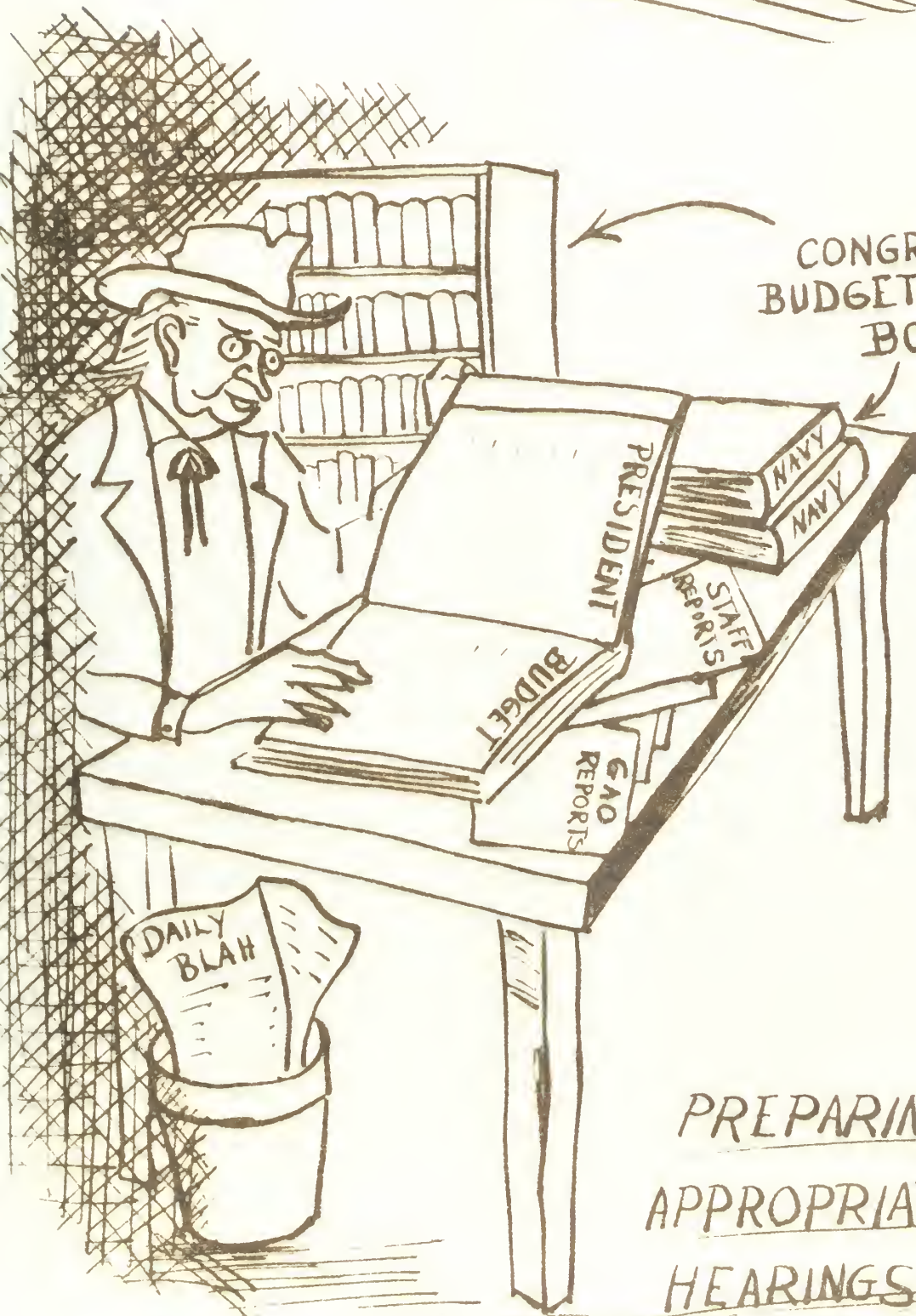
Since congressmen are politicians, devoting only a portion of their annual working time to the problems of the military budget, it is necessary to look once more at the information which is available to them in preparing for the budget review and budget hearings. First, Congress has the President's





# CONGRESS

CONGRESSIONAL  
BUDGET JUSTIFICATION  
BOOKS



PREPARING FOR  
APPROPRIATION  
HEARINGS



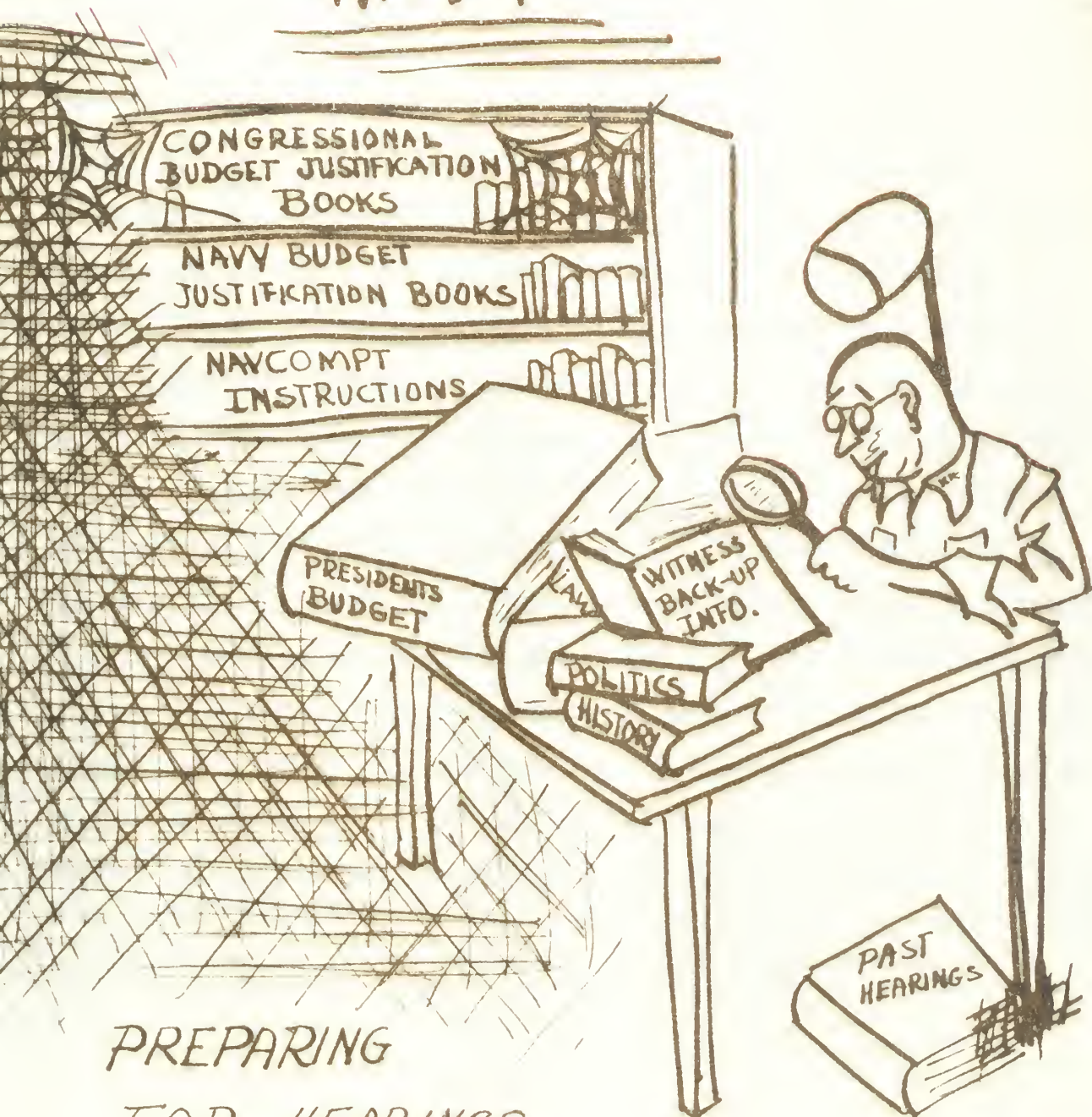
budget document and the many volumes of congressional budget justification books providing additional details of service needs. Also, congressmen have information as to what transpired during previous years of testimony, which, with the aid of their staff members, has been carefully reviewed and highlighted for consideration. In addition, they have reports of the General Accounting Office and, through visits and investigations conducted prior to the hearings, they have a lot of information about the military that is difficult to evaluate.

On the other side of the table, Defense Department witnesses are primarily professional military men, with the exception of the service secretaries who have a wide range of qualifications. Without exception, Defense witnesses comprise a group of people that devotes full time to military matters, and most have the benefit of firsthand knowledge of the hardware or services requested in the budget document. In addition, these men are supported by reams of back-up material, such as page upon page of pertinent detailed information about the section of the budget that they are defending and for Navy witnesses they have the Navy budget justification books as well as the congressional budget justification books and the President's budget document. Navy witnesses have further been prepared for the congressional hearings by having experienced the process of verbally justifying their individual needs to top management within the Navy itself, to the Department of Defense and the Bureau of the Budget. According to one officer interviewed, many of the Navy witnesses participate in practice mock hearings before a group of their own specialists acting the parts of





# NAVY



PREPARING  
FOR HEARINGS





congressmen, firing detailed questions about Navy requests at the prospective congressional witness. Questions are also based on actual questions asked by Congress during past hearings. In this way, Navy witnesses are able to orient their thinking more along the lines required by Congress.<sup>33</sup>

The basic motivation of Navy congressional witnesses is like those of the congressmen, inspired by the basic motivation of "service to the nation." However, being Navy witnesses, it is quite natural that this basic motivation is slanted more in terms of Navy needs than in terms of total Defense Department needs. In addition, since these witnesses are also just people, they are subjected to the same human weaknesses found in congressmen.

Only two sources of budget information are consistently common to both Congress and the Navy. One is the President's budget document over which the Navy has little leeway or opportunity for original narrative justification of funds to support requirements. The other is the congressional budget justification books prepared within the Navy as requested by Congress, and submitted directly to the Appropriations Subcommittee conducting the hearings. Therefore, it is only natural that the Navy must endeavor to provide Congress with the most convincing justification possible in these volumes. As has been pointed out in Chapter III, the Navy Comptroller has focused attention on the need to improve the contents of each of these congressional budget justification books. Since this effort is indicative of a need for improvement, it follows

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<sup>33</sup>Personal interview with one naval officer participating as a supporting congressional witness for the Bureau of Naval Personnel.



that something must be wrong with the present congressional budget justification books. One method of determining the effectiveness of evaluating these books in Congress is to review in detail the recorded testimony of hearings before appropriations subcommittees and determine how many times additional information was requested for the "record." This approach should not only highlight areas in which congressional budget justification books failed to satisfy subcommittee inquiries, but should indicate areas in which Navy witnesses were unable to provide adequate response to the questions.

The first witness appearing before the House subcommittee is usually the Secretary of Defense. The secretary commences his testimony by reading a prepared statement which, in the case of the hearings on the 1960 budget, took over 6,000 words and included two pages of statistics. The secretary covered such topics as the Polaris submarine, military personnel, closing of installations, nuclear powered aircraft, military construction, space projects, the shipbuilding program, manned bombers, and so forth. All together, the secretary provided a general, overall look at the complexities of the many needs of the military.<sup>34</sup> After his reading of the prepared statement came the question period, which, in the words of Mr. Mahon, Chairman of the Appropriations Subcommittee for Defense,

We recognize that on your side of the table you do not have quick and easy answers to all the problems in the field of national defense. We realize that in response to questions from the committee any witness can talk, but we want to get as pertinent information in the record and before the committee as we can with respect to the questions which are propounded.

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<sup>34</sup>U. S. Congress, House, Subcommittee on Department of Defense Appropriations, Hearings, Department of Defense Appropriations for 1960, 86th Cong., 1st Sess., Part I, 1959, p. 4.





Since you are the Head of the Defense Establishment, there are certain questions that we of necessity will have to ask you that someone in your department could probably give a more detailed answer to, but nevertheless we must have a statement from you.<sup>35</sup> We may later want to interrogate others about the same matter.

Often the questions deal with overall generalities, such as Mr. Mahon's question addressed to the Secretary of Defense, in which he asked: "I would like to ask each of you--first you, Mr. Secretary--in your opinion, is our military strength today sufficient to deter a major war? I mean by major war, war between the United States and the USSR." The Secretary answered in the affirmative.<sup>36</sup>

Answers to general questions, particularly when an opinion is requested, do not cause the witness the problems that some of the detailed questions cause. In an effort to determine how the services do in answering detailed questions the tabulation below shows the number of times that witnesses could not answer questions to the satisfaction of committee members and had to provide amplifying information. In other words, neither the budget document nor the congressional budget justification books furnished enough information, nor did the witness.

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<sup>35</sup> Ibid., p. 2.

<sup>36</sup> Ibid., p. 48.



HEARINGS BEFORE THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
HOUSE OF REPRESENTATIVES, EIGHTY-SIXTH CONGRESS, FIRST  
SESSION, DEPARTMENT OF DEFENSE APPROPRIATIONS FOR

1960<sup>37</sup>

PART	Number of times additional information was requested:				
	DOD	ARMY	NAVY	MARINE CORPS	AIR FORCE
Policy Statements	15	14	24	1	6
Financial Statements	5	3	2	-	1
Manpower, Personnel & Reserves	-	20	9	7	12
Procurement	14	21	26	4	32
TOTAL	34	58	61	12	51

Such an analysis is subject to minor errors in determining whether the information requested by committee was in fact inserted because of failure of justification books, or the inability of the witness to provide the information from his back-up material. It was noted that often inserted requested information was either taken directly from the budget justification books or

<sup>37</sup>Tabulation based on information contained in Appendix I.





additional information inserted by witnesses to provide a permanent record of the information. In fact, in reviewing testimony it was quite evident that in many instances information inserted in the record had been prepared in anticipation of the question. These insertions were not tabulated because the objective of this paper is to determine if present congressional budget justification books can be improved within the Navy.

As can readily be seen, the Navy was required more times than the other services to submit additional information. In fact, of the total of 216 times that the committee requested additional information, the Navy accounted for 28% of the responses, and the Navy and Marine Corps together accounted for 34% of the replies. The Army was next with 27%, the Air Force with 24% and the Department of Defense with only 15%. Considering the overall complexity of the Navy, which includes an air force and ground troops of the Marine Corps, it is understandable that the information requested would be a little greater than the other services. Before one can generalize, it is necessary to examine a listing of the subjects representing specific additions of information to determine if there is any apparent logical overall weakness and also to determine the scope of the congressional inquiry.

In further reviewing the requests for additional information made of the committee relating to questions on the overall policy statements, the Navy had to furnish additional information almost twice as often as any of the other services. This would seem to give credence to the often heard claim that outsiders find it more difficult to understand and appreciate the problems associated with sea power than those relating to the other branches





of the military. This is further indicated by the fact that 25% of the requests for additional information related directly to justification of a new aircraft carrier and another 33% of the requests related to submarines. For example, of the additional information requested in support of a new carrier, three different statements were requested relating to additional justification of the need for same,<sup>38</sup> two others related to comparisons of carrier aircraft accident rates on different types of aircraft carriers,<sup>39</sup> and another provided a report of what the Soviets think about our having carriers.<sup>40</sup>

Appendix I provides a listing of the subjects of additional information requested by the House Subcommittee on Department of Defense Appropriations for the 1960 budget. The listing is arranged by the department, in chronological order. Upon careful review of this listing it becomes apparent that there is no logical grouping of subjects, reflecting the fact that during actual hearings, subcommittee members quite often ask different witnesses similar questions and request different but similar submissions of information for the record. This is further aggravated by the order in which the subcommittee conducts its hearings, because during the first few weeks of testimony the committee concentrates on policy

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<sup>38</sup>House Appropriations Subcommittee Hearings, Part I, pp. 151, 517 and 568.

<sup>39</sup>Ibid., pp. 529 and 631.

<sup>40</sup>Ibid., p. 571.



statements and during the final weeks of testimony the same subject may be reexamined when considering procurement. For example, the Navy had to submit a tabulation of carrier accident rates per number of landings when testifying in the area of overall policy; then, in the closing weeks of testimony the Navy had to provide further "additional information" on aircraft accidents on carriers, only this time, the information compared landing accidents of the Forrestal type with Essex type carriers.<sup>41</sup>

The following tabulation shows the subject areas in which the House Appropriations Subcommittee for Defense Appropriations requested additional information for the record, to be furnished by the Navy.

Subject area of additional information submitted	Number of such submissions
Submarines, including POLARIS and ASW	11
Aircraft carriers	10
Aircraft	7
Contracts, status of and agreements	4
GAO reports	2
Others	<u>27</u>
TOTAL	61

As can be seen, 56% of the requests can be traced to five specific areas but the remaining 44% of the requests covered such a variety of subjects that meaningful grouping was impractical.

<sup>41</sup>House Appropriations Subcommittee Hearings, Part V, p. 459.





Analysis of the Navy information as well as that of other services indicates that Congress shows interest in status of the new advances, in items of great cost, and what the services originally requested in their submissions to the Department of Defense.

Basically, no direct relationship can be found between committee requests for additional information and quality of congressional budget justification books.



## CHAPTER V

### CONGRESSIONAL HEARINGS--SENATE

Shortly after the House Appropriations Subcommittee has commenced its Defense Department hearings in the stately hearing rooms in the House wing of the Capitol building, the Senate Appropriations Subcommittee calls its first witness to its hearing room a few blocks away in the new Senate Office Building. Hearing procedures are similar to those conducted by the House. Each senator is armed with the same basic material as the members of the House, except that senate members have the opportunity to review action taken by the House. Such action tends to reduce the amount of detailed information required of witnesses before the Senate Subcommittee. This process also ensures that the Senate is able to complete its action before commencement of the new fiscal year.

In examining the information which has been inserted in the Senate subcommittee record, it is noted that many of the insertions for the record are prepared statements. These seem to be more numerous than were found in the examination of the House Subcommittee hearings. A further examination of inserted information shows that only in a few cases did the record state "the information requested follows." That is, additional information was



requested and inserted in response to questions which the witness could not answer. In fact, in reviewing the Hearings before the Subcommittee of the Senate Committee on Appropriations for the fiscal year 1960 budget, less than ten instances of labelled "requested additional information" were found.<sup>42</sup> This fact complicated the study of requested information requiring careful examination of testimony to determine if the information was volunteered by witnesses or had to be obtained to answer questions of the committee members. In many other instances, it was apparent that the information inserted, though not labelled "requested" was in fact requested by a member of the subcommittee when witnesses failed to satisfactorily answer questions.

The following table represents the number of times that, in Senate Subcommittee hearings on the Defense Budget, the committee requested, either directly or indirectly, the submission of additional information. As can be seen, the number of such requests is much smaller than was found in the House Subcommittee hearings for the same year. The majority of Senate record insertions was prepared statements and figures often volunteered by the witnesses during hearings.

Number of requests for additional information<sup>43</sup>

Department of Defense	Department of Army	Department of Navy	U. S. Marine Corps	Department of Air Force
8	8	6	2	9

<sup>42</sup>U. S. Congress, Senate, Subcommittee on Department of Defense Appropriations, Hearings, Department of Defense Appropriations for 1960, 86th Cong., 1st Sess., 1959.

<sup>43</sup>Ibid.





Considering the vast number of topics contained in the budget and the number of areas in which testimony was presented, these few widely differing areas requiring further explanation speak well of the contents of the congressional justification books. It also bears out the fact that the Senate, in generally restoring cuts made by the House, of necessity concentrates on the areas highlighted by the House.<sup>44</sup>

On looking over congressional requests of the Navy for additional information (See Appendix II) we find that two of the requests for additional information related to comments Admiral Burke had made in a speech in Charleston, S. C., and a comment made during a television appearance. In both instances, Admiral Burke commented on destructive capability of the POLARIS missile system and provided an estimate of the number of POLARIS missiles required for obliteration of major Russian targets. Senator Symington took issue with the admiral and demanded clarification for the record. The submitted statements indicated that the admiral also believed that this nation should have Air Force missiles as well as the POLARIS system.<sup>45</sup> Other statements dealt with the growth of the Italian Navy since 1947, total cost figures to date for POLARIS and different flyaway costs for various types of aircraft. In none of these cases could it be said that better narratives in the congressional justification books could have reduced these requests for additional information.

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<sup>44</sup>Smithies, p. 140.

<sup>45</sup>Senate Appropriations Subcommittee Hearings, pp. 167-170.



## CHAPTER VI

### HOUSE APPROPRIATIONS COMMITTEE--STAFF INTERVIEWS

Interviews with three members of the staff of the House Appropriations subcommittee indicated that they considered the need for congressional budget justification books extremely important and would not consider the abandonment of these volumes. They stressed the fact that while they do get much information from informal discussions with members of the military departments, such information has in no way eliminated their need for the congressional budget justification books. Of great importance to these men who must analyze the President's budget document in detail in order to advise committee members are the tables of the congressional budget justification books which provide in a simple, direct form, dollar amounts which can easily and quickly be evaluated in terms of previous years' amounts for comparison with related items.

Of lesser importance in many cases were the actual narrative sections of the justification books. However, they were quick in pointing out that these narratives serve a useful purpose in providing explanations of programs that they did not know about. They also indicated that the narratives provide an excellent source of information for the individual congressmen, who, due





to the limitation of time, can quickly determine the nature of and comprehend the service desires to have this or that program. This again points up the importance of having clear, readable and convincing narratives in the congressional budget justification books.

In discussions of the relationship of justifications and congressional requests for submission of information for the record it was stated by staff members interviewed that this relation was unimportant. That is, few, if any, of the requested inserts are generated through failure of justifications in these books. Instead, it was pointed out that political questions, desire for greater detailed information and need to speed up hearings which were behind schedule often led to requests for submission of additional information. This, in part, explains why much of the information requested seemed to follow "off the record" discussions.

Off the record discussions often lay the groundwork for the next sequence of interrogation. That is, congressmen may discuss "off the record" the problem at hand with the witness, indicating areas to be emphasized for record purposes. During this exploratory period, witnesses are able to discuss and show the congressmen their back-up tables supporting certain programs. At this time, the congressmen may indicate that the information is exactly what he wanted and so the "on the record" testimony leads quickly to the insertion of such tables or statements. Still, at other times, the congressmen may advise the witnesses that the next group of questions will be embarrassing and hard to answer, but necessary to explore areas in which the service has been criticized. In this way the witness can defend himself



without getting angry and the congressmen are able to show in the "record" examination of the critical area.<sup>46</sup>

Staff members also pointed out that should congressional budget justification books ever be designed to "second guess" congressional questions in order to eliminate requests for additional information, the books would become too detailed to satisfy their purpose. Because of this, such a change would never emanate from Congress. Today, most of the changes recommended relate to format of tables of information, so that staff members can more easily analyze the programs. Narrative remains relatively unchanged as to congressional instructions. It was interesting to note that changes which are suggested by the committee are normally done verbally, directly to persons responsible for the preparation of the congressional budget justification books. The informal verbal approach to such matters probably explains why no written congressional instruction could be found relating to these volumes. It just does not exist. None of the staff members contacted could remember the origin of these volumes, though some have been working with the committee for over twenty years.

None of the staff had concrete criticisms to make of Navy congressional budget justification books. In fact, they appeared surprised to hear that there had been criticism. Basically, they felt that the narratives were ample and served their purpose. It seems that complaints of

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<sup>46</sup>Personal interviews with two back-up Appropriations Subcommittee witnesses.



service narratives were definitely the exception and not the rule. However, it is quite possible that a justification which appeared sound to the committee was, in fact, poor. The result of such a justification would be that the committee felt that the program did not warrant the support of funds. Such a justification failure would not result in the request for additional information; it would fail in its primary purpose of "selling" the need to Congress. Unfortunately, neither the Appropriations Subcommittee Record of Hearings nor personal interviews revealed a single example in which failure of program requests was traceable to shortcomings within any of the many congressional budget justification books.





## CHAPTER VII

### CONCLUSIONS

Any review of congressional budget justification books leads to a review of actual testimony before Congress. It soon becomes apparent that the ability to "sell" requirements is largely dependent on convincing congressmen of the true need of the requested funds. This is done in part through the use of well-prepared statements, and the ability of witnesses to convincingly demonstrate the true need of the service. However, behind these selling methods stands congressional budget justification books, which in a relative, abbreviated narrative explain and justify the need for funds. The congressional budget justification books are the keys necessary to translate the President's budget document into hardware and services. Therefore, it is essential that this information be as well prepared as possible in order to form a solid foundation for subsequent testimony.

The statement that "justification will include sufficient evidence to minimize subsequent requests for additional information"<sup>47</sup> seems to establish an incorrect goal for such a justification. Committee staff members of the House Appropriations Subcommittee on the Defense Department believe

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<sup>47</sup>NAVCOMPT Instruction 7102.1, 3 Nov. 1960, Enclosure 1, p. 1.



that a very small percentage of requests for additional information originate as a result of poorly prepared congressional budget justification books.<sup>48</sup> The listings of types of additional information requested of the military during both House and Senate hearings, contained in Appendices I and II seem to justify this stand. In other words, poor justifications appearing in these books in a few cases lead to requests for additional information, but there is no evidence that this is true. On the other hand it seems much more important to stress the fact that poor justification in these volumes may actually reduce Navy changes to win congressional support.

In any examination of requests for additional information it appears that the services must accept the fact that such requests will continually be generated as a natural outcome of congressional hearings. The reasons such requests are generated are numerous. Some originate because Congress is in a hurry, and finds inclusion of information the quickest way to get on with the hearings. Sometimes the request is made to establish a clear picture in the record of a certain fact for public consumption. Still, at other times, statements are requested in answer to detailed inquiries about subjects to which the witness has not prepared any answer, such as a political question, or one dealing with a newspaper report, or one arising from complaints from constituents of one of the congressmen. However, it must be an accepted fact that inclusion of all such material in a justification book would be too long and wordy.

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<sup>48</sup>Three personal interviews with House Appropriations staff members.





In reviewing the general Navy testimony and problems in justifying the need for an aircraft carrier, for example, it appears that the problems of explaining sea power remain difficult. Even though some committee members have years of experience in dealing with military problems and have a keen understanding of seapower as well as other military matters, congressmen lack an appreciation for sea power. This is perfectly natural, for even within the Navy itself many do not understand or appreciate the complex meaning of sea power. It is a hard subject to define. This difficulty occupies much of Admiral Friedrich Ruge's book, Der Seekrieg, The German Navy's Story 1939-1945, in which the admiral points out that failure to understand sea power resulted in Germany not having the hard hitting naval forces she should have had.<sup>49</sup> It seems that since this subject is as abstract and difficult to understand, the Navy should concentrate at all levels of budgeting to explain sea power. In this way it is believed that a "feel" for the abstract aspects of sea power will enable writers to weave some of these thoughts into all types of budget justification.

This indirect effect of sea power can probably best be illustrated by the following simple example. During wartime, the Navy sights and sinks an enemy tanker loaded with jet fuel. The loss of this shipload of fuel should result in curtailment of enemy air strikes from the airfields requiring the fuel. However, in this instance, there is no noticeable reduction in enemy air activity, because the enemy has trucked additional fuel from other

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<sup>49</sup>Friederich Ruge, Der Seekrieg, The German Navy's Story, 1939-1945 (Annapolis, Md., United States Naval Institute, 1957).



areas of their country to make up this loss. Some weeks later our land forces have moved ahead on a front that is 1000 miles from these enemy airfields, and the land forces are credited with a victory. In such a case the exchange of land is real, and can be understood. While the loss of the tanker is also real, no immediate effect is realized. However, after the war it is learned that the enemy in maintaining its air strikes, had diverted many fuel trucks from a planned mechanized land offensive in the very area our friendly ground forces had enjoyed their victory. It turns out that this diversion of trucking had delayed enemy movement of tanks to such an extent that our ground victory was possible. In other words, the loss of the tanker of jet fuel had made the victory of ground forces possible. This is indeed but one of many of the indirect effects of true sea power.

Since one of the primary objectives of the congressional budget justification books is to inform Congress, the Navy must exploit this objective at every opportunity. To achieve this goal the Navy must look to its own instructions on this subject. As has been pointed out, most of the instructions are in great detail, directed towards the writer of all types of justification and back-up material. While this is fine and serves the purpose of getting Navy back-up information uniform as to format and does ensure that congressional wishes for revised tables are included, such instructions do not stimulate interest by seniors nor pinpoint purposes of the justification books. It must be remembered that seniors are engaged in hard work getting a firm grasp on all the details of their own section of the budget so that they can convincingly answer, with firmness, all the questions





asked at the hearings. In the process, these men absorb many times more information than appears in the congressional budget justification books. It seems only natural that narratives in these justification books do not receive the attention that is due them. This could be overcome through preparation of one or two-page instructions to the congressional budget justification books, addressed to those ultimately responsible for review of congressional budget justification books. Included should be a statement indicating the importance and often dependence of congressmen on the information in these volumes.

In ten interviews with officers and civilians who handle budget justification books it was learned that there is a wide variance of opinion as to the value of these volumes. Some contend that the additional information obtained in preparing for hearings is so complete that there is little need for these justification books. Others expressed the view that they are exceedingly important and are most helpful in preparing for hearings and second-guessing congressional interest. These observations seem to bear out the fact that there is indeed a need for more information as to the purpose of the congressional budget justification books.

In other interviews with those who prepare one of the volumes of the congressional budget justification books one expressed the belief that everything was fine because he had never heard a criticism of his work from Congress. While it is probably true that criticism of a general nature is not passed down the line, except when major changes are required, it is also true that praise often does not get down to the actual writer. If this is true,





these same people often expressed some concern over the real importance of congressional budget justification books.<sup>50</sup> Therefore, there is also a need to indoctrinate the writers as well as the reviewers of the importance of congressional budget justification books.

It seems quite possible that a simple, well written, pamphlet could be prepared on congressional budget justification books, pointing out their need and objectives, instead of the detailed formats required by other instructions. It seems that the publication should also be directed to prospective committee witnesses, pointing out the importance of knowing the contents of congressional budget justification books.

It is believed that, should such an approach be taken the Navy would realize improved congressional budget justification books and the originality desired in their preparation would materialize. Such originality would not only be refreshing, but would probably enable the Navy to succeed a great deal more in getting what it wants than is now possible. Also, the pride of understanding, associated with preparation of important documents would be understood, which would result in a renewed determination by all concerned in bringing about a swift improvement in these important volumes.

Examination of testimony and information which was requested for insertion "for the record" indicates that all witnesses should become familiar with the nature of congressional interest before appearing. While interviews with one individual who appeared as a witness before Congress

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<sup>50</sup>Personal interviews with two bureau representatives.



indicated that a comprehensive study of the preceding years in relation to questions asked by committee members, it seems that all witnesses must become aware of the general areas in which Congress has shown general concern. Such a listing might be prepared and sent to each person who is to act as a witness for study. The listing might include the following areas of "interest."

Effects of rising costs on programs.

Action taken on GAO reports and present status.

What is the service answer to adverse publicity appearing in the press?

What naval installations are in subcommittee members areas?

What is being done for small business?

Status of labor problems.

Status of large contracts.

Any other general areas which have caused public interest in the service.

It is believed that such an effort will probably reduce more requests for "additional information" than can possibly be achieved through intensive efforts to improve the narrative section of the congressional budget justification books.





## APPENDIX I

### ADDITIONAL INFORMATION REQUESTED BY THE HOUSE SUBCOMMITTEE

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<sup>51</sup>U. S. Congress, House, Subcommittee on Department of Defense Appropriations Hearings, Department of Defense Appropriations for 1960, 86th Cong., 1st Sess., Part I.



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<sup>52</sup>Ibid., Part II, 1959.



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<sup>53</sup>Ibid., Part III, 1959.





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<sup>54</sup>Ibid., Part V, 1959.





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<sup>55</sup>U. S. Congress, Senate, Subcommittee on Department of Defense Appropriations, Hearings, Department of Defense Appropriations for 1960, 86th Cong., 1st Sess., 1959.



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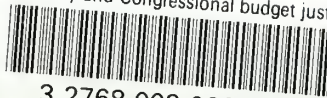






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